

STATE OF IDAHO TAX UPDATE

VOLUME THIRTEEN – NUMBER FOUR

DECEMBER 2001



This issue of TAX UPDATE deals with a variety of current issues, including new income tax credits and new services offered on the Tax Commission's Web site at www2.state.id.us/tax. If you have questions about the material here, or if you need more information, contact any Idaho State Tax Commission office listed on the back of this newsletter.

Three Income Tax Credits Added

Idaho lawmakers approved three new income tax credits for Idaho businesses this year. All three are contained in House Bill 377 and are effective Jan. 1, 2001.

RESEARCH ACTIVITIES

This new credit is similar to the federal credit for increasing research activities. The credit is 5 percent of qualified expenditures for research conducted in Idaho and has a 14-year carryover period.

BROADBAND EQUIPMENT

A credit equal to 3 percent of eligible expenditures was added for installing broadband equipment in Idaho. The Idaho Public Utilities Commission will determine what equipment qualifies. The credit is limited to \$750,000 in any year and has a 14-year carryover period.

INCENTIVE INVESTMENT TAX CREDIT

A new investment tax credit is available to businesses that acquire assets and use them in counties with high unemployment rates or low personal income. The credit rate varies depending on the county where the asset is located. The new credit is in addition to the existing investment tax credit, has a 14-year carryover period, and is limited to \$500,000 per year. Credit rates are available on the Tax Pros page of our Web site at www2.state.id.us/tax.

Interest Rate Set For 2002

The interest rate for refunds and late taxes drops to 7 percent, or .019 percent per day, as of Jan. 1, 2002. The interest rate for the prior two years was 8%. The Idaho State Tax Commission is required to calculate a new interest rate each year, based on the federal rate.

File electronically and

GET A \$2 CREDIT

against
the tax
you owe.



Online Credit Card Payments Available



If you want to pay your taxes with your VISA or MasterCard, sign on to our Web site at www2.state.id.us/tax.

You can now make online payments for individual and business income

tax, sales tax, withholding, and more. You can make estimated payments on future income tax filings, payments on current returns, late payments, and payments on account. You can also print an instant receipt.

The easy-to-use system asks a few

simple questions about the tax you are paying and requests your credit card information. There is no fee for this service.

Also, don't forget to file your return so we can match it up with your payment.

Internet 40EZ Filing Offered

Idaho taxpayers who file a simple income tax return (Form 40EZ) will be able to file directly with the Tax Commission over the Internet in 2002.

The free service will be available at www2.state.id.us/tax and replaces the income tax TeleFile program. (TeleFile will still be available for filing business sales tax and withholding returns.)

The Web site will walk taxpayers through a series of questions to prepare their online Idaho Form

40EZ. To qualify for filing a 40EZ, taxpayers must:

- be full-year residents under age 65,
- not be blind,
- file as single or married filing jointly, and
- claim no dependents.

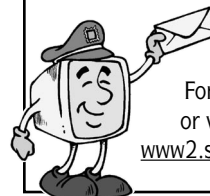
Income must be under \$50,000.

It can include only wages, salaries, tips, unemployment, taxable scholarships/fellowships, and taxable interest of \$400 or less.

Taxpayers who prefer to mail their returns can visit our Web site to fill in and print the 40EZ and many other income tax forms.

SAVE TIME AND POSTAGE

Start Filing Your Business Tax Returns Electronically



For information, call us
or visit our Web site at
www2.state.id.us/tax/filing.htm

Where To Get Information

If you would like to know more about Idaho state taxes, call the Idaho State Tax Commission toll free at 1-800-972-7660 or contact any of the offices listed below:

Boise

800 Park Blvd., Plaza IV
(208) 334-7660

Pocatello

611 Wilson St., Suite 5
(208) 236-6244

Twin Falls

1038 Blue Lakes Blvd. N, Suite C
(208) 736-3040

Coeur d'Alene

1910 Northwest Blvd.,
Suite 100
(208) 769-1500

Lewiston

1118 F Street
(208) 799-3491

Idaho Falls

150 Shoup Ave., Suite 16
(208) 525-7116



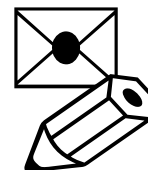
HEARING IMPAIRED CALLERS:

Use the Idaho Relay Service (1-800-377-3529)
to reach any Tax Commission office listed above.

Costs associated with this publication are available from the Idaho State Tax Commission
in accordance with Section 60-202, Idaho Code.

TAX UPDATE is published quarterly and mailed to all sales and use tax account holders with their tax return forms. Unless otherwise noted, information in TAX UPDATE applies only to Idaho taxes. This newsletter is designed to provide general information only, and is not intended to offer comprehensive explanations of Idaho tax laws and rules. Specific questions should be addressed to the nearest State Tax Commission office. Comments about TAX UPDATE and suggestions for future issues should be sent to:

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Public Information Office
State Tax Commission
P.O. Box 36
Boise, ID 83722



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This issue of Tax Update deals mainly with:
NEW TAX CREDITS, WEB SERVICES

IDAHO STATE TAX COMMISSION

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